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United States Department of State
and the Broadcasting Board of Governors
Office of Inspector General

MIDDLE EAST REGIONAL OFFICE

Performance Evaluation of Department of State Contracts to Assess the Risk of Trafficking in Persons Violations in Four States in the Cooperation Council for the Arab States of the Gulf

Report Number MERO-I-11-06, January 2011

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PREFACE

This report was prepared by the Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended, and Section 209 of the Foreign Service Act of 1980, as amended. It is one of a series of audit, inspection, investigative, and special reports prepared by OIG periodically as part of its responsibility to promote effective management, accountability and positive change in the Department of State and the Broadcasting Board of Governors.

This report is the result of an assessment of the strengths and weaknesses of the office, post, or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

The recommendations therein have been developed on the basis of the best knowledge available to OIG and, as appropriate, have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient and/or economical operations.

I express my appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in black ink, appearing to read "H. W. Geisel".

Harold W. Geisel
Deputy Inspector General

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KEY FINDINGS

- OIG found no evidence in Kuwait, Oman, Saudi Arabia, or the United Arab Emirates (U.A.E.) that Department-funded contractors were engaged in severe forms of trafficking in persons, solicitation of commercial sex acts, sex trafficking, or involuntary servitude, as defined by Section 103 of the Trafficking Victims Protection Act of 2000.
- OIG identified contractor practices indicating an increased risk of trafficking in persons, as defined by the International Labor Organization (ILO), at all four embassies in Kuwait, Oman, Saudi Arabia, and the U.A.E., and at the two consulates general in Saudi Arabia and the U.A.E.
- Although workers were not bonded to employers forcibly, 77 percent of contractor employees interviewed reported paying recruiting fees to obtain their jobs, a possible indicator of coercive recruitment.
- Contractors at all embassies and consulates general confiscated employees' passports, although it is legally prohibited in all four countries. Contractors cited several reasons for holding passports, but over one-third of workers OIG interviewed stated that the contractor did not inform them why or under what conditions their passports were being held.
- OIG found a number of payment issues, including withheld wages, confusing calculations of earnings, and wage differentials based on nationality, which indicate an increased risk that workers have been exploited at their places of work.
- OIG found problems with workers' housing, including overcrowding and unsafe or unsanitary conditions at four of the six missions.
- Incidences were reported of deceptive recruitment through abuse of workers' lack of language education and information.
- U.S. embassies and consulates general in Kuwait, Oman, Saudi Arabia, and the U.A.E. follow the *Federal Acquisition Regulation* (FAR) to prevent trafficking in persons. However, neither the FAR, standard contract language, the *Foreign Affairs Manual* (FAM), nor the *Foreign Affairs Handbook* (FAH) effectively address how to monitor contracts for trafficking in persons issues such as passport security and accessibility, compensation, and housing quality for foreign contract workers.
- Four out of six contracts clearly incorporate FAR clause 52.222-50 (Combating Trafficking in Persons), but none of the contracts specifies how the contracting officer's representative (COR) should monitor for trafficking in persons violations.

INTRODUCTION

The Department of State (Department) relies extensively on contractors to support its foreign affairs mission. Overseas embassies, consulates general, and consulates use contractors to provide diverse services ranging from facilities support and construction to cleaning, food service, and local guard forces. In certain regions of the world, these contractors employ foreign workers¹ to perform labor for significantly lower cost than would be required to hire local staff. Although Department contractors agree to comply with local labor laws, regulations, and practices pertaining to labor, safety, and similar matters, prevailing practices in some host countries diverge significantly from U.S. standards in areas such as labor and safety. The Trafficking Victims Protection Act of 2000 (TVPA) established minimum standards for eliminating trafficking in persons (TIP) around the world. Subsequent reauthorizations of the TVPA² placed requirements in the FAR that forbid the use of trafficked labor for all U.S. Government contracts.

The Middle East Regional Office (MERO) of the Office of Inspector General (OIG) initiated this work under the authority of the Inspector General Act of 1978, as amended. To plan and perform this evaluation, OIG took into account the TVPA, which defines severe forms of trafficking in persons as follows:³

1. Sex trafficking in which a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age; or
2. The recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion, for the purpose of subjecting that person to involuntary servitude, peonage, debt bondage, or slavery.

¹ In this report, a foreign worker is defined as a non-U.S. citizen working for a U.S. Government contractor in a country where he or she does not hold citizenship. Foreign workers may be employed by U.S.-based, non-U.S. based, or multinational companies.

² The Trafficking Victims Protection Reauthorization Act (TVPRA) of 2003, Sec.3.(g)(1) states, “any grant, contract, or cooperative agreement provided or entered into by a Federal department or agency... shall include a condition that authorizes the department or agency to terminate the grant, contract, or cooperative agreement, without penalty, if...the contractor...(i) engages in severe forms of trafficking in persons or has procured a commercial sex act, ...or (ii) uses forced labor in the performance of the grant, contract, or cooperative agreement.” This is codified as 22 U.S.C. § 7104(g) and implemented through FAR Subpart 22.17. The TVPRA of 2005 expands extraterritorial jurisdiction to encompass trafficking offenses committed overseas by persons employed by or accompanying the Federal government.

³ Section 232(b)(1) of the William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 provides specific examples of acts related to trafficking in persons including confiscation of an employee’s passport, restriction on an employee’s mobility, abrupt or evasive repatriation of an employee, and deception of an employee regarding the work destination. Section 232(a) also directs the Inspectors General for the Department of State, the U.S. Agency for International Development, and the Department of Defense to investigate a sample of contracts “under which there is a heightened risk that a contractor may engage, knowingly or unknowingly, in acts related to trafficking in persons” for FY 2010-2012.

The objectives of this evaluation were to determine: (1) whether Department-funded contractors or subcontractors are engaged, knowingly or unknowingly, in acts related to trafficking in persons; and (2) whether U.S. embassies are following Federal guidelines to effectively monitor Department-funded contractors and subcontractors for engagement in acts related to TIP.

To address the first objective, OIG examined six contracts in the Cooperation Council for the Arab States in the Gulf⁴ (hereinafter, the Gulf states) for janitorial, gardening, and local guard services. Field work was conducted from January to March 2010 at four embassies in Kuwait, Oman, Saudi Arabia, and the U.A.E., and at two consulates general in Saudi Arabia and the U.A.E. At each embassy and consulate general, OIG interviewed contracting officers (CO), contractor management, and foreign contract employees. OIG also conducted site visits to contract employee housing and reviewed documents. As suggested by officials in the Department's Office to Monitor and Combat Trafficking in Persons (G/TIP), OIG used ILO resources to detect potential TIP activity among contractors in the field. For more information, see Appendix I.

To address the second objective, OIG interviewed contracting personnel from the Bureau of Administration, including staff in the Office of Acquisition Management and the Office of the Procurement Executive, and corresponded with representatives from the Foreign Service Institute. OIG reviewed relevant Department guidance on TIP, including the FAM and the FAH. OIG also interviewed the management section at each of the six missions visited.

To determine where to conduct this study, OIG surveyed contracting personnel at every U.S. mission within MERO's area of operations.⁵ A total of eight overseas missions were selected for field work based on: (1) the proportion of contracting dollars for labor intensive services to anti-trafficking programming dollars spent in-country; (2) the overall value of contracts at each mission; and (3) country ranking in the Department's *2009 Trafficking in Persons Report*. OIG selected contracts for review as advised by G/TIP, OIG's Office of Inspections, and management personnel at the missions. For a complete discussion of the methodology, see Appendix I.

⁴The Cooperation Council for the Arab States of the Gulf includes the U.A.E., Bahrain, Saudi Arabia, Oman, Qatar, and Kuwait.

⁵MERO's area of responsibility includes all countries and other areas under the Bureau of South and Central Asian Affairs, the Bureau of Near Eastern Affairs, and Turkey. For this review, MERO did not include Turkey because it falls under the Bureau of European Affairs.

EXECUTIVE SUMMARY

RESULTS

OIG found no direct evidence that contractors violated the provisions of the Trafficking Victims Protection Act of 2000 (TVPA) or the FAR mandatory clause 52.222-50 (Combating Trafficking in Persons) for the six contracts evaluated at U.S. missions in Kuwait, Oman, Saudi Arabia, and the U.A.E. OIG found no evidence that contractors were engaged in sex trafficking or illicit activities related to involuntary servitude, peonage, debt bondage, or slavery as defined by U.S. law.⁶ All 75 workers interviewed stated they came to the host country voluntarily and were not in direct bondage to their employer through force, fraud, or coercion. However, using ILO indicators for trafficking, OIG found several contractor practices that increase the risk of TIP. These practices include coercion at recruitment and destination (through debt bondage and confiscation of documents), exploitative conditions of work (including payment and wage issues and bad living conditions), and abuse of vulnerability (including abuse of lack of education and lack of information).

Seventy-seven percent of contract employees interviewed by OIG had to pay fees upfront during recruitment, which could indicate an increased risk of debt bondage. Contractors relied almost exclusively on manpower agencies to facilitate recruitment and transportation at the workers' cost. Of the 77 percent of interviewed workers who stated they obtained their jobs by paying a recruitment agency in their country of origin, nearly 50 percent of workers said they paid fees totaling more than 6 months' salary in the receiving country, and 27 percent reported paying fees of more than 1 year's salary.

OIG found that every contractor reviewed in Kuwait, Oman, Saudi Arabia, and the U.A.E. confiscated workers' passports. Sixty-eight out of 75 workers carried an alternate form of government identification while they were in country and could only access their passports for travel. Contractors cited several reasons for holding workers passports, including lack of secure space in the workers' camps, extensive year-round host government processing requirements, and provision of other government-issued identification. However, in interviews, over one-third of workers said that the contractor did not inform them why or under what conditions their passports were being retained.

⁶TVPA Section 103.

Workers at all embassies and consulates general expressed frustration with inconsistent payment, confusing pay stubs, and withheld wages. In addition, some workers reported they do not receive compensation to which they are entitled according to local labor laws, and they compromise their legal status by taking outside work. Some workers reported wages that were lower than the going rate for the country they were in, and were lower than the wages of workers of other nationalities. Workers reported that allowances for food and maintenance were not enough to cover monthly costs. Saudi contractors reportedly take deductions from workers' paychecks to pay half the cost of renewing their work permits—a practice proscribed by Saudi labor law.⁷ Eighty-three percent of workers interviewed perform overtime or outside work to supplement their income, although some of this work is not legally sanctioned in the host country.

More than 70 percent of workers interviewed reported they live in overcrowded, unsafe, or unsanitary conditions.. Workers' housing facilities range from shared apartment buildings with common areas to labor camps in converted commercial lots. Adherence to safety and sanitation standards for residential dwellings varied at these contractor-maintained facilities. Two-thirds of the housing OIG observed fell within the space parameters of a U.S. minimum security prison cell. However, 20 contract workers occupying the quarters OIG visited had less personal space than a U.S. minimum security prison cell. In some countries, workers' mobility is restricted by remote housing locations, lack of transportation, and safety concerns.

OIG found that four of the six embassies and consulates general are following the FAR to prevent trafficking, but since the FAR does not specify how to monitor contractors for TIP, OIG could not conclude that TIP monitoring is effective. Training for Foreign Service officers and locally employed staff covers TIP in greater detail than training for contracting officer's representatives (COR). Aside from mandatory citation of FAR clause 52.222-50 (Combating Trafficking in Persons) in each contract, CORs do not have standard procedures to monitor the clause's implementation. In addition, standard contract language, as well as the FAM and FAH, fail to address how to monitor contracts for TIP-related issues such as passport security and accessibility, wages and allowances, housing quality, and safety for foreign workers.

Although OIG found no evidence of TIP at these missions in the Gulf states, several findings suggest that TIP could occur. The practices of some contractors negatively affect foreign workers and reflect poorly on the Department. OIG believes TIP can be mitigated through incorporation of the best practices found at some missions, as well as compliance with OIG's recommendations. Adoption of these practices and compliance with recommendations will aid in preventing TIP and will help ensure that foreign workers are treated fairly and within the law.

⁷ Saudi Labor Law, Royal Decree No. M/51 (23 Shaban 1426/27 September 2005). Article 39 holds employers responsible for paying iqama (work permit) fees and article 93 prohibits salary deductions for such fees.

Best Practices

OIG observed several successful practices used to detect and deter TIP at these missions. These practices include:

- COR requests that contract workers either have access to their passports or sign a release allowing contractors to hold them in a secure location;
- Collaboration between mission management and political sections to ensure that CORs are well-versed in local labor laws and prevailing practices;
- COR advocacy for contract workers' welfare beyond stipulations in the contract;
- Use of locally employed staff and bilingual staff to informally monitor contracts;
- Inclusion of contract deliverables that require the contractor to present proof of labor law compliance to the embassy; and
- Administrative guidance on TIP prevention.

MANAGEMENT COMMENTS AND OIG RESPONSE

In formal and technical comments, three of the four embassies—Abu Dhabi, Kuwait City, and Muscat—and FSI, generally agreed with the overall findings and recommendations of the report. A/OPE disagreed with each of the report's seven recommendations. Embassy Riyadh provided no comments on the draft report. OIG adjusted the conclusions and recommendations based on new input and technical comments received. Technical comments have been incorporated into the report, as appropriate. Management comments from FSI and A/OPE are included verbatim in Appendix IV and V, respectively.

Embassy Abu Dhabi raised concerns about recommendation 2. Because of the lack of guidance and training on TIP issues available to CORs, the embassy suggested that individual attempts to monitor contracts would consume unnecessary time and resources at the mission. The embassy was also concerned of the possible perception that the embassy's TIP activities would impinge upon the host country's monitoring responsibilities. While OIG understands that CORs must prioritize a number of oversight tasks in addition to TIP monitoring, OIG believes, nonetheless, that it is in

the Department's best interest to encourage CORs to detect and prevent TIP vulnerabilities. Embassy Kuwait City noted on recommendation 6 that the Department should develop a document on U.S. Government policy and legislation, translated into workers' languages, for use by embassies. Embassy Kuwait City also stated that effective advocacy against trafficking could and should be improved through greater coordination with labor-sending states. OIG agrees that greater coordination between labor-sending and labor-receiving countries is desirable but such a recommendation is beyond the scope of this evaluation. FSI agreed with recommendation 7 and noted that it was already working with A/OPE and G/TIP to develop and integrate more TIP training into acquisitions and contracting courses. FSI also stated that it is considering developing a stand-alone distance learning course focused exclusively on contracting and TIP issues.

In non-concurring with recommendations 1 and 2, A/OPE stated it was concerned that contractors would rely on missions to interpret local laws on passport retention, and that it is beyond the current capabilities of CORs to identify host country labor laws and monitor contractor compliance. The intention of recommendations 1 and 2 is to ensure missions are fully cognizant of host country regulations and labor laws. OIG determined during the course of field work that embassy officials' lack of knowledge of these laws increase the risk that employees servicing U.S. overseas missions may be victims of TIP. OIG does not view obtaining this information as burdensome or beyond the capabilities of CORs, especially since embassy political and economic officers at the missions visited were already collecting this information. Therefore, OIG believes both recommendations 1 and 2 have merit and are retained.

In responding to recommendations 3 and 4, A/OPE stated there is no contractual authority for remedial action in the specific case of housing for gardeners working in Riyadh, and more generally that the condition of employee housing is not a contractual requirement that can be monitored by a COR. Accordingly, OIG modified these two recommendations but retains the emphasis on the need to provide workers with safe housing. As Secretary Clinton noted, "...we talk often in the State Department about shared responsibility. Indeed it is a core principle of our foreign policy. So we have to ensure that our policies live up to our ideals."⁸

Finally, A/OPE did not concur with recommendations 5, 6, and 7 stating there is no legal basis to prescribe a supplemental clause enforcing a statutory socioeconomic requirement that is already covered by a mandatory FAR clause. During the course of OIG's evaluation, officials at all of the missions requested assistance from the Department on how to monitor for TIP violations, as well as information from other missions on best practices shown to be effective in detecting and preventing TIP. OIG finds A/OPE's response to recommendations 5, 6, and 7 unclear and unresponsive

⁸ Remarks on the release of the *Trafficking in Persons Report 2010*, June 14, 2010.

to the intent of the recommendations. It is unclear that such actions would require modification of the FAR when missions could simply include such language in contract solicitations—an action A/OPE suggests as a solution to monitoring housing conditions in recommendations 3 and 4. Furthermore, this report details instances in which the CO successfully supplemented standard contract language to ensure basic socioeconomic protection for workers. Moreover, OIG agrees with the embassies' request for Department assistance and encourages A/OPE to work with FSI to develop and implement improved guidance and training curricula. Based on the above, OIG believes recommendations 5, 6, and 7 are relevant and appropriate. Nonetheless, OIG has modified the recommendations by focusing toward future contract solicitations, and has removed specific references to the *Department of State Acquisition Regulation* (DOSAR), FAM, and FAH in recommendation 7.

RECOMMENDATIONS

Recommendation 1: Embassy Abu Dhabi, Embassy Kuwait City, Embassy Muscat, and Embassy Riyadh should obtain information about host country regulations regarding passport retention and discuss these regulations with all contractors employing foreign workers. (Action: Embassy Abu Dhabi, Embassy Kuwait City, Embassy Muscat, and Embassy Riyadh)

Recommendation 2: Embassy Abu Dhabi, Embassy Kuwait City, Embassy Muscat, and Embassy Riyadh should monitor all service contracts to ensure compliance with current host country labor laws and request proof of compliance from contractors as necessary. (Action: Embassy Abu Dhabi, Embassy Kuwait City, Embassy Muscat, and Embassy Riyadh)

Recommendation 3: Embassy Riyadh, in consultation with the Office of Acquisition Management, should inform the gardening contractor that keeping workers in unsafe housing is unacceptable to the U.S. Government. (Action: Embassy Riyadh, in consultation with AQM)

Recommendation 4: Embassy Abu Dhabi, Embassy Kuwait City, Embassy Muscat, and Embassy Riyadh, in consultation with the Office of Acquisition Management, should on future solicitations require contractors to include detailed descriptions of housing accommodations provided for foreign workers, and require periodic inspections of foreign workers' housing by the contracting officer's representative. (Action: Embassy Abu Dhabi, Embassy Kuwait City, Embassy Muscat, and Embassy Riyadh, in consultation with AQM)

Recommendation 5: Embassy Abu Dhabi, Embassy Kuwait City, Embassy Muscat, and Embassy Riyadh, in consultation with the Office of Acquisition Management, should on future solicitations, require contractors to provide workers with standard contracts in English and their native language that include policies on wages, overtime rates, allowances, salary increases, the contract term, leave accrual, and other personnel matters. (Action: Embassy Abu Dhabi, Embassy Kuwait City, Embassy Muscat, and Embassy Riyadh, in consultation with AQM)

Recommendation 6: Embassy Abu Dhabi, Embassy Kuwait City, Embassy Muscat, and Embassy Riyadh, in consultation with the Office of Acquisition Management, should on future solicitations require contractors to provide workers with written information about labor laws, including the U.S. Government's "zero tolerance" policy toward trafficking in persons, in workers' native languages. (Action: Embassy Abu Dhabi, Embassy Kuwait City, Embassy Muscat, Embassy Riyadh, in consultation with AQM)

Recommendation 7: The Office of the Procurement Executive (A/OPE) in the Bureau of Administration should provide detailed guidance for contracting officer's representatives on how to monitor contractors' practices and activities for potential trafficking in persons violations. A/OPE, in consultation with the Foreign Service Institute, should develop and implement training curricula covering this guidance. (Action: A/OPE, in consultation with FSI)

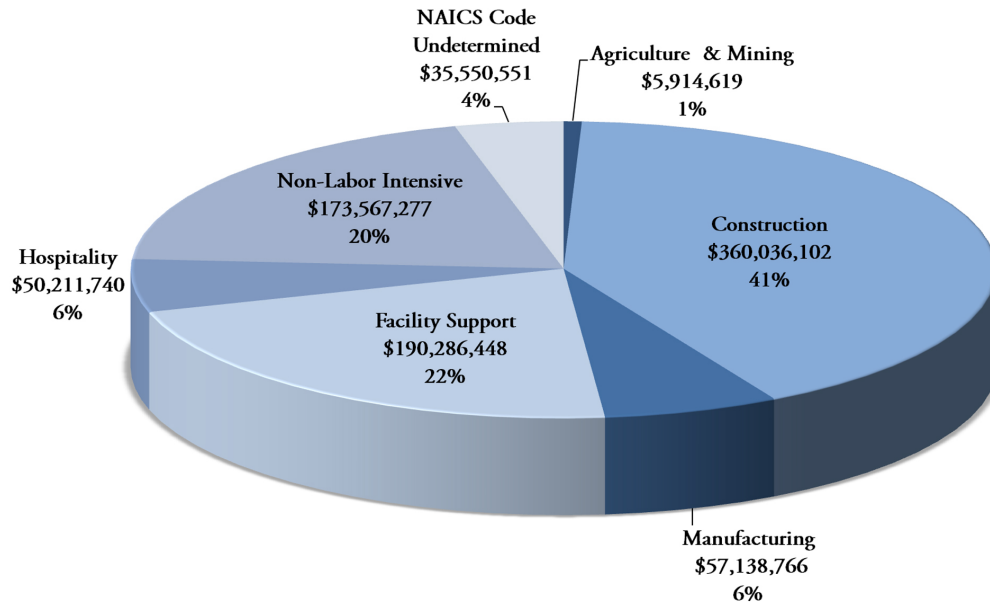
BACKGROUND

TIP encompasses a variety of illegal and exploitative practices that occur throughout the world. The U.S. Government recognizes TIP as not merely a form of fraud or smuggling, but also a form of modern day slavery that must be abolished. TVPA was the first comprehensive Federal law to protect victims of trafficking and prosecute traffickers domestically and abroad. In addition to defining severe forms of TIP and TIP-related activities, regulations under the TVPA and its reauthorizations establish the U.S. Government's "zero tolerance" policy toward engagement in TIP by any recipient of Federal funds. FAR Subpart 22.17 (Combating Trafficking in Persons) explicitly states this policy and requires all contracts to include a clause explaining this policy to contractors.

DEPARTMENT CONTRACTING WITH A HEIGHTENED RISK OF ENGAGEMENT IN TRAFFICKING IN PERSONS

From FY 2007-2009, the Department spent \$4.7 billion on contracting in countries falling under the oversight of the Bureau of Near Eastern Affairs (NEA) and the Bureau of South and Central Asian Affairs (SCA). More than 90 percent of this funding supported Department operations in Iraq, Afghanistan, and Pakistan. However the Department also allocated more than \$400 million to other U.S. missions in the region for building and maintaining embassies, consulates general, and consulates. Embassies, consulates general, and consulates contract for a variety of services to support development programs and ongoing diplomatic efforts. Contracts in labor-intensive industries such as agriculture and mining, construction, manufacturing, facility support, and hospitality are the most likely to employ foreign workers and therefore, pose the highest risk of a contractor's potential involvement in TIP. Figure 1 summarizes Department funding in these industries through NEA and SCA missions for FY 2007-2009. For this evaluation, OIG examined a representative sample of six active contracts at U.S. missions in the Gulf states. Table 1 shows the contracts OIG reviewed for TIP.⁹

⁹In addition, for comparison, OIG made limited inquiries about the new consulate general construction contract in Dubai, U.A.E.; the cleaning contract in Muscat, Oman; and the local guard force contract for Saudi Arabia. For more information, see Appendix I.

Figure 1: NEA-SCA Mission Contracting by Industry FY 2007-2009*

* Figure does not include contracts in Iraq, Afghanistan, and Pakistan. NAICS – North American Industry Classification System

Source: Federal Procurement Data System

Table 1: Overview of Contracts in the Gulf States Evaluated for Trafficking in Persons

Country	Embassy or Consulate General	Industry	Total Contract Value (over 5-year term)	Contract Type
U.A.E.	Abu Dhabi	Cleaning	\$822,063	Firm Fixed Price ^a
	Abu Dhabi, Dubai	Local Guard Force	\$14,297,589	Time and Materials ^b
Oman	Muscat	Gardening	\$209,139	Firm Fixed Price ^c
Kuwait	Kuwait City	Cleaning	\$728,138	Firm Fixed Price
Saudi Arabia	Riyadh, Dhahran	Gardening	\$1,332,848	Firm Fixed Price
		Cleaning ^d	\$676,125	Firm Fixed Price

^a Per FAR 16.202-1, a “firm-fixed-price contract provides for a price that is not subject to any adjustment on the basis of the contractor’s cost experience in performing the contract.”

^b Per FAR 16.601(b), a time-and-materials contract “provides for acquiring supplies or services on the basis of (1) Direct labor hours at specified fixed hourly rates that include wages, overhead, general and administrative expenses, and profit; and (2) Actual cost for materials...”

^c Contract has a special provision to provide local minimum wage salaries to workers.

^d Contract is also active at Consulate Jeddah.

Source: OIG analysis of Department-provided contracts

FEDERAL GUIDELINES TO PREVENT CONTRACTOR ENGAGEMENT IN TRAFFICKING IN PERSONS

The Department's official guidance on administering contracts is derived from the FAR, the *Department of State Acquisition Regulation* (DOSAR), the FAH, periodic Procurement Information Bulletins, cables, and notices from A/OPE. In accordance with the TVPA, FAR Section 22 Subpart 17 states, "the United States Government has adopted a zero tolerance policy regarding trafficking in persons."¹⁰ The FAR section also requires the insertion of clause 52.222-50 into all contracts, which outlines the U.S. Government's policy as follows:

Government contracts shall—

- (a) Prohibit contractors, contractor employees, subcontractors, and subcontractor employees from—
 - (1) Engaging in severe forms of trafficking in persons during the period of performance of the contract;
 - (2) Procuring commercial sex acts during the period of performance of the contract; or
 - (3) Using forced labor in the performance of the contract;
- (b) Require contractors and subcontractors to notify employees of the prohibited activities described in paragraph (a) of this section and the actions that may be taken against them for violations; and
- (c) Impose suitable remedies, including termination, on contractors that fail to comply with the requirements of paragraphs (a) and (b) of this section.

Additionally, DOSAR subpart 622.15 requires the CO to refer to OIG any instances in which the CO has reason to believe that forced or indentured child labor was used to mine, produce, or manufacture an end product furnished pursuant to an awarded contract.

At an embassy, consulate general, or consulate, the COR is responsible for "assur[ing], through liaison with the contractor, that the contractor accomplishes the technical and financial aspects of the contract."¹¹ These responsibilities include monitoring the contractor's technical progress, accepting the work on behalf of the U.S. Government, resolving technical issues arising under the contract which fall within the scope of the COR's authority, and referring to the CO any issues that cannot be resolved without additional cost or time. For facilities maintenance contracts such as cleaning or gardening, COR responsibilities fall to either the general services officer (GSO) or the facilities manager, who report to the management counselor. The COR for the local guard force is the regional security officer (RSO), who reports to the

¹⁰ FAR Subpart 22.1703.

¹¹ 14 FAH 2 H-111.

Bureau of Diplomatic Security. For construction projects, the Bureau of Overseas Buildings Operations (OBO) project director serves as the COR, reporting back to OBO.

DEFINING AND DETECTING TRAFFICKING IN PERSONS

The TVPA defines and proscribes severe forms of TIP, including sex trafficking, forced labor, involuntary servitude, peonage, debt bondage, and slavery.¹² These severe forms of TIP correspond to internationally recognized forms of trafficking, as defined by the ILO.¹³ The Department cites ILO conventions on labor and trafficking in G/TIP's annual *Trafficking in Persons Report*.

In 2009, the ILO developed operational indicators that define six dimensions of TIP: (1) deceptive recruitment; (2) coercive recruitment; (3) recruitment by abuse of vulnerability; (4) exploitative conditions of work; (5) coercion at destination; and (6) abuse of vulnerability at destination. Several specific indicators of TIP fall under each category, such as debt bondage (coercive recruitment), confiscation of documents (coercion at destination), and bad living conditions (exploitative conditions). Each specific indicator has an explanation and rating of strong, medium, or weak depending on the circumstances under which each indicator occurs. For more information, see Appendix III.

¹² TVPA Section 103.

¹³ The ILO defines trafficking in persons under the United Nations Protocol to Prevent, Suppress, and Punish Trafficking in Persons, Especially Women and Children of 2000 (Palermo Protocol), ILO Convention 182, Convention Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor, and ILO Convention 105, Convention Concerning the Abolition of Forced Labour. The Palermo Protocol supplements the United Nations Convention against Transnational Organized Crime (2000). The United States is one of 182 member states comprising the ILO and one of the Palermo Protocol's 117 signatories.

EXTENT OF CONTRACTOR ENGAGEMENT IN TRAFFICKING IN PERSONS

In the six contracts reviewed, OIG found no direct evidence that contractors were engaged in TIP practices as defined by the TVPA, such as sex trafficking or illicit activities related to involuntary servitude, peonage, debt bondage, or slavery. All workers interviewed stated that they came to the host country on a voluntary basis and no workers reported direct bondage to their employer through force, fraud, or coercion.

When applying the ILO's operational indicators of TIP, OIG observed a number of practices that do not necessarily mean there is trafficking, but do point to a risk of TIP in a given labor setting through coercion, exploitation, or deception. In the six contracts evaluated, OIG observed:

- Indicators of coercion—including debt bondage¹⁴ to recruiters and confiscation of documents at the work destination;
- Indicators of exploitation—including bad living conditions and payment and wage issues; and
- Indicators of abuse of vulnerability—including abuse of lack of language education at recruitment and general abuse of lack of information.

INDICATORS OF COERCION AT RECRUITMENT AND DESTINATION

Debt Bondage

Although OIG found no evidence that workers were forcibly recruited to employers or directly bonded to their employers, 77 percent of contract employees OIG interviewed had to pay fees. The majority of these fees were paid upfront during

¹⁴ The ILO defines debt bondage as an operational indicator of TIP that includes “debts accrued for recruitment and transportation that result in debt bondage at destination.” Under U.S. law, the term “debt bondage” means the status or condition of a debtor arising from a pledge by the debtor of his or her personal services or of those of a person under his or her control as a security for debt, if the value of those services as reasonably assessed is not applied toward the liquidation of the debt or the length and nature of those services are not respectively limited and defined (TVPA, Section 103).

recruitment and effectively resulted in debt bondage at their destinations. Contractors relied almost exclusively on manpower agencies to facilitate recruitment and transportation at a cost to the workers themselves. Of the 77 percent who paid fees, ten workers interviewed reported their employer deducted recruiting costs—such as those for work permits, uniforms, or plane tickets—from their paychecks. The ILO describes debt bondage as an indicator of coercive recruitment because financial commitments to recruiters or employers make workers more willing to accept otherwise unacceptable work conditions.

Seventy-seven percent of the interviewed workers stated they obtained their jobs by paying a recruitment agency in their country of origin. Of the 77 percent, approximately 50 percent of workers said they paid recruitment fees that totaled more than 6 months' contracted salary. Twenty-seven percent reported paying fees of more than 1 year's salary. Eleven of the 75 workers reported paying recruitment fees that would take more than 2 years to pay off—the standard length of a contract. Recruitment agency fees vary by country, but frequently cover the cost of a one-way plane ticket, visa fees, medical fees, and placement fees. Prospective applicants pay these fees even though prospective employers also frequently agree to cover them through their contract with the recruitment agency. To pay these fees, 12 workers obtained commercial or family loans. Six workers told OIG they sold property or assets in their country of origin to migrate. One worker reported he agreed to pay a recruitment agency money upfront for a contract. At the end of the contract term, the contractor promised to reimburse him for part (less than half) of the payment. As a result, debt bondage is directly incorporated into the contractor's recruitment policy outlined in the contractor's human resources manual. Table 2 shows recruitment fees paid by workers from various countries.

Table 2: Reported Recruitment Fees Paid by Foreign Contract Workers by Country of Origin (in U.S. Dollars)*

Country of Origin	Minimum Paid	Maximum Paid	Average Paid
Bangladesh	\$718	\$4,307	\$2,383
India	\$205	\$2,130	\$1,048
Nepal	\$397	\$1,299	\$1,006
Philippines	\$146	\$861	\$327
Sri Lanka	\$160	\$1,419	\$701

*Exchange rate at time of calculation: 1 U.S. dollar = 69.65 Bangladeshi taka, 46.94 Indian rupees, 112.74 Sri Lankan rupees, 75.50 Nepali rupees, and 46.44 Philippine pesos.

Source: OIG Interviews with 75 contract employees

Confiscation of Documents

Confiscation of documents is an indicator of coercion at destination that includes the confiscation of any or all of an individual's identity and travel documents (for example, passport or identity card). Although this practice is prohibited by law in Kuwait, Oman, Saudi Arabia, and the U.A.E.,¹⁵ the prevailing practice of contractors in all of these Gulf states is to retain the passports of foreign workers. Confiscation is a TIP indicator because it restricts employees' mobility and makes them vulnerable to targeting by law enforcement.

OIG found that every contractor reviewed in Kuwait, Oman, Saudi Arabia, and the U.A.E. confiscated workers' passports. Workers were issued work and residency permits through their employers, meaning that 68 out of 75 workers could only access their passports for travel. In Oman, four of seven workers had direct access to their passports that were held by the contractor in a secure location. The other three workers signed a release permitting the employer to hold their passports for safe keeping, with the understanding workers can request their passports for any reason.

Contractors cited several reasons for holding workers' passports, including lack of secure space in the workers' camps, extensive year-round host government processing requirements, and provision of other government-issued identification. However, in interviews, over one-third of workers said that the contractor did not inform them why or under what conditions their passports were being retained. Workers commonly stated they believed the practice was to prevent them from leaving their jobs, since passports are required to transfer sponsorship to a new employer.

A number of workers reported difficulties accessing their passports and obtaining other identity documents from their employer due to bureaucracy and administrative confusion. Some workers reported it took approximately 3 months to obtain a work permit, a period during which the workers had no official identity documents to conduct banking or other personal business. Passports for some workers were held at the contractors' headquarters in cities other than where the workers were based. Some workers must request their passports for travel 3 months in advance. In some cases, the contractor requires employees to request passports 1 month in advance. Workers in one country reported they can only retrieve their passports when they present their self-purchased ticket for home leave, and contractor policy requires them to hand over their passports immediately upon return.

¹⁵ Sultanate of Oman Ministry of Manpower Circular November 2006; Kingdom of Saudi Arabia Council of Ministers Decision 166 Article 3; and Kuwait Ministry of Social Affairs and Labor (MOSAL) Decree 60/2007 (18 July 2007). Kuwait, Oman, Saudi Arabia and the U.A.E. are signatories to the International Labour Organization Convention on the Abolition of Forced Labour, under which the retention of workers' passports is a violation of the agreement.

Best Practice

- Gardeners in Muscat, Oman were able to access their passports after the GSO requested that the contractor provide a small, secure safe in offices adjacent to workers' housing. Janitors at Embassy Muscat also reported they signed a release allowing the contractor to hold their passports with the written understanding that they could retrieve them at any time.

INDICATORS OF EXPLOITATIVE CONDITIONS OF WORK*Wage and Compensation Issues*

Foreign employees work long hours¹⁶ and earn relatively low wages working in the Gulf states. Because minimum wage standards have yet to be fully implemented in the four countries visited, wages varied for the same type of work. Workers at all four embassies and two consulates general expressed frustration with inconsistent payment, confusing pay stubs, and withheld wages. In addition, some workers are not receiving compensation to which they are entitled according to local labor laws, and they compromise their legal status by taking outside work. These issues fall under the ILO's description of exploitative conditions of work by indicating non-compliance with host country labor laws and labor contracts—particularly laws related to compensation and benefits.

Approximately half of workers interviewed cited economic opportunity as their prime motivation to work in the Gulf states. Foreign workers support families in their countries of origin by remitting their earnings and spending as little as possible on living expenses in the host country. All workers reported their wages exceeded the World Bank's poverty level threshold of \$1.25 a day. Most workers reported their wages met or exceeded the minimum wage or the going rate wage in their respective host countries for foreign workers at the time of reporting. However, some workers reported receiving wages lower than the going rate for that country. These workers reported considerably lower wages than workers of different nationalities on the same contract with the same level of experience. A worker who had been employed for less time than workers of different nationalities in the same position reported higher base wages. One worker reported that among those of the same nationality, those who had migrated more recently are likely to receive better pay and benefits than those who migrated before them. Table 3 lists base pay rates reported by the 75 workers interviewed.

¹⁶ The standard work week in Kuwait, Oman, Saudi Arabia, and the U.A.E. is 48 hours over 6 days. Most of the workers reported that they performed at least 2 hours of paid overtime per day.

Table 3: Base Pay Rates for Foreign Contract Workers by Host Country (in U.S. Dollars)^a

Host Country	Industry	Country of Origin	Average Base Pay Per Month	Pay Per Day (for 6-Day Week)	Going Rate or Minimum Wage ^b
Kuwait	Cleaning	Bangladesh	\$137.93	\$5.75	Going Rate = \$137.93 Min. Wage = \$206.90 (established April 2010)
		India			
		Sri Lanka			
Oman	Cleaning	India	\$363.63	\$15.15	Going Rate for Indian workers = \$153.85 Min. Wage = \$358.97
	Gardening	India	\$363.63	\$15.15	
Saudi Arabia	Cleaning	Bangladesh	\$106.67	\$4.44	Going Rate = \$106.67
		India	\$213.33	\$8.89	
		Nepal	\$133.33	\$5.56	
		Philippines	\$133.33	\$5.56	
	Gardening	Bangladesh	\$88.67	\$3.69	Going Rate = \$106.67
		India	\$106.67	\$4.44	
		Nepal	\$106.67	\$4.44	
		Sri Lanka	\$80.00	\$3.33	
U.A.E.	Cleaning	Bangladesh	\$136.24	\$5.68	Min. Wage = \$136.24
		India			
	Local Guard ^c	India	\$544.95	\$22.71	Min. Wage = \$544.95
		Nepal			
		Philippines			
		Ethiopia	\$326.98 ^d	\$13.62	

^a Exchange rate at time of calculation: 1 U.S. dollar = .29 Kuwaiti dinar, .39 Omani rial, 3.85 Saudi riyals, 3.67 U.A.E. dirhams.

^b Kuwait's minimum wage at the time of reporting did not apply to workers in all sectors. After a 2008 strike by Bangladeshi workers, many companies raised wages to 40 dinars (approximately \$138) per month or higher based on workers' nationality. A minimum wage of 60 Kuwaiti dinars went into effect in March 2010 that applies to all private sector workers. However, these wages do not apply retroactively; workers who signed contracts prior to March 1, 2010 are not entitled by law to the minimum wage until they sign a new contract. Oman has no official minimum wage for foreign workers, but the minimum wage for Omani citizens is 140 Omani rials (approximately \$364) per month. Saudi Arabia does not have a minimum wage but based on minimum monthly contributions to the pension system, 1,500 Saudi riyals (approximately \$400) is the unofficial minimum salary for citizens working in the private sector. The U.A.E. set the minimum wage for unskilled labor at 500 dirhams (approximately \$136) per month in 2009.

^c For comparison, the starting salary for contracted local guard forces in Saudi Arabia is approximately \$94.71 per month for a 48-hour work week. The local guards in Saudi Arabia come from Bangladesh, India, Nepal, Sri Lanka, and Sudan.

^d OIG learned that the Ethiopian guards were scheduled to receive an approved wage increase raising their monthly pay to \$544.95, but at the time of OIG's interviews, the raise had not yet been implemented

Source: OIG interviews with workers, contractor management, and CORs

The majority of workers reported receiving allowances of between 9-38 percent of their salary for miscellaneous personal expenses (for example, food). However, workers reported these allowances were not always adequate to cover monthly living expenses. For example, some workers estimated their average monthly food costs were almost double what they received for food allowance. There were reports that one contractor took deductions from workers' first few paychecks that left new employees with around \$50 per month to live on.

Some workers also reported they are not paid consistently. Every year, contractors in one country deduct a total of 1 month's wages from workers' first three paychecks to pay for half the cost of renewing their work permits—a practice proscribed by local labor law. Copies of worker contracts provided to OIG do not mention these salary deductions except to state that the employee be reimbursed for business-related expenses incurred. Although most of a group of workers in one country are paid by electronic funds transfer, employees noted transfer delays ranging from 2 weeks to 2 months. A couple of employees indicated that a contractor withheld 2 months' salary that was then given as severance pay at the end of the contract.

Although most workers stated that they receive pay stubs, eight workers on various contracts told OIG that they do not understand how allowances, deductions, benefits, and overtime pay are calculated. Some workers reported they were not sure if they were receiving a food allowance in addition to their base wages or money was being deducted from their wages for food. Workers in one country reported signing a ledger written in Arabic to receive their pay in cash. A few workers said they did not understand how their wages were calculated or did not receive a pay stub.

Eighty-three percent of workers interviewed perform overtime or outside work to supplement their income, although some of this work is not legally sanctioned in the host country. At one mission, some workers supplement their income by washing cars for embassy staff who pay them in cash. This activity is unregulated and would be illegal outside of embassy grounds. In one country, almost half of workers reported performing overtime at different work sites and for different employers. In this country, some workers supplemented their incomes by working after hours in citizens' houses, although the contractor has an official policy prohibiting outside work. This practice is illegal in this country unless the sponsor subcontracts workers' services to other employers. If caught, workers could face time in jail, fines, or deportation. OIG did not hear from contractor management or employees of any cases of abrupt or evasive repatriation of any workers at the missions observed.

Contractor policies vary in the amount of paid home leave given to workers. In Saudi Arabia, workers are legally entitled to 21 days of prepaid annual leave which workers can use in 1 year, defer and accrue for up to 2 years, or take as monetary compensation.¹⁷ However, only two out of 19 gardeners in Saudi Arabia reported

¹⁷ Saudi Labor Law, Royal Decree No. M/51, Article 109 (23 Shaban 1426/27 September 2005).

getting paid home leave. In Kuwait, workers were not aware that under the old labor law they were entitled to paid leave of 10 days for every year of service, which can be accumulated for up to 2 years or paid out if unused.¹⁸ The new labor law, which went into effect in February 2010 allows 30 days of paid annual leave.¹⁹ The janitorial contractor's policy instead states that paid annual leave is "non cumulative and must not transfer to any other year" unless approved for special reasons. The contractor's leave policy also states that employees "will not be entitled for [sic] receiving pay in lieu of unused vacations" without written approval. The janitors in Kuwait are required to purchase their own airfare for home leave. The belief that leave could not be accrued led one worker to stay in country for 8 years without taking leave.

Bad Living Conditions

OIG found housing problems at all six missions. Workers' housing facilities range from shared apartments with common areas to labor camps in converted commercial lots. Contractors maintain these facilities with varying degrees of adherence to safety and sanitation standards for residential dwellings. More than 70 percent of foreign contract workers live in overcrowded, unsafe, or unsanitary conditions, particularly in Saudi Arabia and the U.A.E. Moreover, only female workers and supervisors with family in the host country are able to choose their housing.

Table 4 provides an assessment of the amount of personal space and bath facilities provided at workers' housing accommodations.²⁰ In all four countries, workers had limited personal space, ranging from 24 square feet for the janitors in Abu Dhabi to 68 square feet for the local guards in Dubai. To put the size of these living quarters in context, the Federal Bureau of Prisons (U.S. Department of Justice) allots between 45-60 square feet per individual detained in a federal minimum security prison.²¹ Two-thirds of the housing observed fell within the space parameters of a U.S. minimum security prison cell. Twenty foreign contract workers occupying the quarters OIG visited had less personal space than a U.S. minimum security prison cell.

¹⁸ Kuwaiti Labor Law for the Private Sector, 2009, Articles 72 and 74.

¹⁹ The Law of Labor in the Private Sector, No. 6 of 2010, Kuwait Digest Issue No. 963 (21 February 2010).

²⁰ To assess crowding, OIG estimated the square feet of private space allotted for each worker's sleeping quarters. To assess sanitation, OIG counted the number of toilets, showers, and sinks in each facility and divided by the number of residents. To assess safety, OIG documented hazards such as blocked fire exits, open wells, exposed wiring, and water damage. OIG also checked for fire prevention equipment and first aid supplies.

²¹ See Federal Bureau of Prisons Program Statement 1060.11-Rated Capacities for Bureau Facilities, Sections 7.c.(4)(a) and 7.c.(4)(b) that discuss capacity rating for minimum security rooms, cells, and cubicals; and multiple occupancy housing areas, respectively. For minimum security rooms, cells, and cubicles in facilities overseen by the Federal Bureau of Prisons, "If less than 55 square feet space shall be rated for single occupancy only; if equal to or greater than 55 square feet but less than 120 square feet space would be rated for 100 percent double occupancy." In multiple occupancy housing areas, "If equal to or greater than 120 square feet or more, rated capacity is computed by dividing the total space of each sleeping area or unit by 45 square feet."

Table 4: Capacity of Foreign Contract Workers' Housing Conditions at Six Missions in the Gulf States

Site	Number of Workers Sharing Space	Estimated Living Space	Estimated Square Feet per Person	Ratio of Bath/Wash/Toilet Facilities to Total Residents
Abu Dhabi, U.A.E.	First Site: 9	216 square feet (sq. ft.)	24 sq. ft.	1:24
	Second Site: 8	300 sq. ft.	38 sq. ft.	1:20
Dubai, U.A.E.	4	270 sq. ft.	68 sq. ft.	1:4
Muscat, Oman	20	750 sq. ft.	37.5 sq. ft.	1:10
Kuwait City, Kuwait	4 (women)	225 sq. ft.	56 sq. ft.	1:8
	4 (men)	180 sq. ft.	45 sq. ft.	1:6
Dhahran, Saudi Arabia	3 (gardeners)	180 sq. ft.	60 sq. ft.	1:13
	4 (janitors)	180 sq. ft.	45 sq. ft.	1:6
Riyadh, Saudi Arabia	2-6 (gardeners)	931 sq. ft. total	49 sq. ft. average*	3:19 1 toilet and 1 shower functioning
	6 (janitors)	360 sq. ft.	60 sq. ft.	1:9

* Allotted space varied in the five bedrooms of the gardeners' apartment building. According to the workers' estimates and OIG's observations, three bedrooms housing 12 of the workers had more than 45 square feet of space per person. The two other bedrooms, housing 5 Bangladeshi workers and two supervisors, had under 30 square feet of space per person.

Source: OIG observations and estimations

Contractors provide few amenities to increase privacy or personal space. One-third of workers bunk more than four people to one bedroom. Some workers described waking up at 3 a.m. to use bathing facilities in shifts. In addition, accommodations in Abu Dhabi, Dhahran, and Riyadh lack dining rooms or a mess hall. Amenities such as lockable cupboards and television sets are usually purchased by workers themselves.

In some countries, workers' mobility is restricted by remote housing locations, lack of transportation, and safety concerns. For example, some workers reportedly minimize their time outside of their housing because they are targets of petty crime and harassment. The contractor in Riyadh provides one security guard for three facilities housing more than 200 workers. One contractor-affiliated building management company reportedly imposes a 6 p.m. curfew on some workers that effectively confines them to their accommodations outside of working hours. OIG found that, due to mandatory housing inspections, janitors in Kuwait have, on average, better accommodations than other workers interviewed in the Gulf states. The janitors

share residential apartments with individual space for single beds and other furniture (see Figure 2), adequate sanitation, kitchens, and common areas.

Figure 2: The photo below shows a typical bedroom in housing for female janitors in Kuwait, with adequate space for a single bed and other furniture.



Source: OIG

In Riyadh, the embassy's 19 gardeners share a dilapidated apartment building with numerous fire and safety hazards. For example, exposed, frayed wiring is visible throughout the building. In addition, the walls, floors, ceiling, molding, and stairs have extensive water damage from a leaking water tank on the building's roof and pipes in the walls. During the site visit, OIG observed open wiring throughout the workers' apartment building and water trickling down walls of the five bedrooms workers share. The living room is filled with boxes, bicycles, and other second-hand or salvaged items. One employee reported he was chastised by the contractor for

trying to remove some of the debris in the living room when it became infested by mice. The kitchen is dirty and workers also note an infestation of insects. Of the apartment building's three bathrooms, only one has a working sink. One bathroom has a working shower, but a broken toilet and an uncovered floor drain. A washing machine in the third bathroom makes it difficult to access the toilet. The photos in Figures 3-5 show the gardeners' apartment building in Riyadh.

Figure 3: The photo below shows extensive water damage and leaking in the gardeners' housing in Riyadh that has prompted several residents to build makeshift drainage systems to keep water off of their beds and belongings.



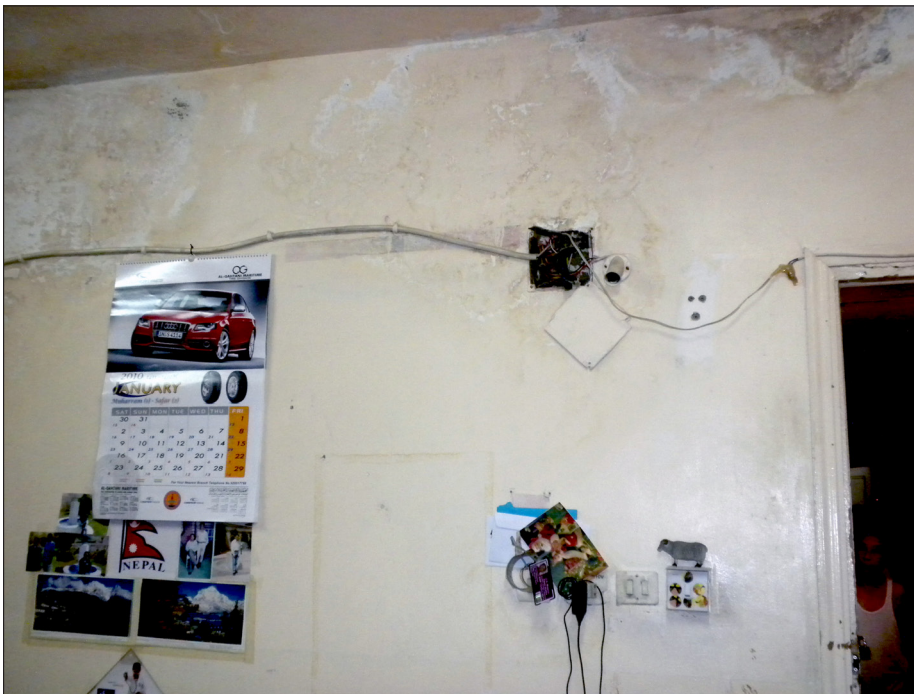
Source: OIG



Figure 4: The photo below shows one of three bathrooms in the gardeners' apartment building in Riyadh in which a laundry machine blocks access to the toilet. There is only one functioning toilet and one functioning sink among the three bathrooms.

Source: OIG

Figure 5: The photo below shows open wiring which is visible throughout the gardeners' apartment building in Riyadh.



Source: OIG

When OIG visited housing for the janitors in Abu Dhabi, U.A.E., the contractor showed the team housing that had been converted from office space and appeared to violate safety codes for fire prevention.²² Workers bunk 8-10 people in 12x18 foot rooms. Four bathrooms on each floor are locked for supervisors' exclusive use. In total, there are 15-20 toilets and 15-20 washing facilities for a camp of over 450 people. Kitchen facilities consist of an open shed with approximately 100 gas burners lining the walls. No refrigerators were observed. Figure 6 shows the kitchen at accommodations purported by the contractor to be occupied by janitors.

Figure 6: The photo below shows the kitchen at purported janitors' accommodations in Abu Dhabi, U.A.E.



Source: OIG

OIG later learned that Embassy Abu Dhabi's janitors did not actually live at the facility presented by the contractor at the time of the site visit. As a result, OIG and the GSO made a second, unannounced site inspection to nearby apartment blocks with unsafe and unsanitary kitchens and bathrooms. The GSO in Abu Dhabi followed up with the contractor to ensure that workers were transferred to satisfactory accommodations as soon as possible. Figure 7 is a photo of the kitchen at the actual janitors' accommodations in Abu Dhabi, U.A.E.

²² Per the Department's Safety, Health, and Environmental Management Program (OBO/OM/SHM) standards, which include requirements from the International Building Code, International Mechanical Code, the Department's Integrated Pest Management Program, International Residential Code, National Electrical Code, and National Fire Protection Association Codes and Standards.

Figure 7: The photo below shows the kitchen at actual janitors' accommodations in Abu Dhabi, U.A.E.



Source: OIG

Figure 8: The photo below shows the gardeners' sanitary central kitchen in Muscat, Oman.



Source: OIG

In Muscat, the gardeners bunk in a large work camp adjacent to the contractor's administrative offices. Although personal space is very limited around workers' bunks, OIG observed ample and regularly maintained common areas for recreation and dining. For example, the sanitary central kitchen shown in Figure 8 (see previous page) is staffed by the contractor and serves meals to 350 workers. The kitchen has a 48-seat adjoining cafeteria and includes several safety and hygiene features.

INDICATORS OF DECEPTION AND ABUSE OF VULNERABILITY AT RECRUITMENT

Abuse of Lack of Education (Language)

Abuse of workers' lack of education is an indicator of abuse of vulnerability at recruitment because it can lead to deceptive recruitment practices such as contract switching. Work contracts in the Gulf states are normally written in Arabic²³ and English, although the majority of unskilled labor comes from non-Arabic speaking countries. Twenty-three of 75 workers interviewed by OIG demonstrated a working command of English and did not require an interpreter. OIG could not determine English literacy and no workers reported literacy in Arabic. Less than half of workers reported signing contracts in their native language or having the contract explained in their native language. Twenty-eight percent of workers reported signing contracts they did not understand. A few workers stated that recruiting agencies had coerced them into signing contracts by physically covering up the contract terms or rushing them to sign.

Many workers reported cases of deception regarding wages, living conditions, and terms, but these claims are hard to substantiate without copies of the work contracts. Only six workers out of 75 said that they had been given a copy of their contract at some point, and only one worker possessed a copy of his work contract. Although there were no reported cases of deception regarding the work destination, 19 workers reported that the wages or conditions they agreed upon in their country of origin did not match conditions in the host country. For example, eight workers reported that recruiters promised free meals as part of their accommodation package that were not provided by their employers.

Abuse of Lack of Information

Abuse of lack of information prevents workers from making informed decisions. Political officers at the missions reported that labor laws in the Gulf states change rapidly, which may mean that CORs, contractors, and workers have differing

²³ In Kuwait, Oman, Saudi Arabia, and the U.A.E., the Arabic contract would control in the case of a conflict.

information about these laws. Compounding the problem are limited official sources of law and codification systems in the Gulf states. OIG's review of contractor policies and employee interviews revealed that labor law information is rarely communicated to workers and that contractors have inconsistent policies to keep workers informed.

All six contractors stated that their workers received information about local labor laws, but 40 out of 75 workers reported they did not have this information. Sixteen workers reported that, upon arrival, the contractor provided some training in labor laws. Eight workers said that they learned of changes in laws through word of mouth or their own research. The only informational materials on labor laws presented by contractors to OIG were produced by the Government of Oman.

FAR clause 52.222-50 explicitly states that contractors are required to notify employees of: (1) the U.S. Government's zero tolerance policy regarding TIP; (2) prohibited activities such as procuring a commercial sex act or using forced labor; and (3) actions that may be taken against the contractors for violations. However, OIG found no evidence that contractors were notifying contract employees of these policies as required by the clause.

Best Practice

- At all four embassies and the two consulates, the political section collects information on host country labor laws. For example, at Embassy Kuwait City the political officer covering TIP worked with ILO to distribute to foreign workers pamphlets on local labor laws translated into workers' native languages. Furthermore, to receive labor policy certification from the host government, the contractors for Embassy Muscat provide workers with government pamphlets on local labor laws translated into their native languages.

EMBASSY EFFECTIVENESS IN MONITORING FOR TRAFFICKING IN PERSONS

OIG found that four of the six embassies and consulates general are following the FAR to prevent trafficking, but since the FAR does not specify how to monitor contractors for TIP, OIG could not conclude that TIP monitoring is effective. Training for Foreign Service officers and locally employed staff covers TIP in greater detail than training for CORs. Aside from mandatory citation of FAR clause 52.222-50 (Combating Trafficking in Persons) in each contract, CORs do not have standard procedures to monitor the clause's implementation. In addition, standard contract language, as well as the FAM and the FAH, fail to address how to monitor contracts for TIP-related issues such as passport security and accessibility, wages and allowances, housing quality, and safety for foreign workers.

The Department offers training in combating TIP to political officers, economic officers, consular officers, and locally employed staff, but TIP is only briefly discussed in the 4-week mandatory Acquisitions course for contracting officers (CO). According to the Foreign Service Institute (FSI), this training focuses on the need to include mandatory FAR clauses, such as clause 52.222-50, "Combating Trafficking in Persons," and remedial actions that can be taken against non-compliant contractors. However, the course does not go into detail regarding compliance with clause 52.222-50 or how to monitor contracts for TIP. Consequently, OIG could not conclude that FSI training increased COR effectiveness at monitoring for TIP at the six diplomatic missions observed.

Aside from the mandatory citation of FAR clause 52.222-50 in each contract, there are no clear requirements in the DOSAR or Department guidance for COs or CORs to monitor contracts for acts related to TIP. The FAM includes policies to monitor TIP internationally and prevent TIP domestically, but only

provides TIP guidance to Foreign Service officers employing domestic workers.²⁴ The FAH provides guidance to CORs for monitoring contractor performance, but provides no explicit guidance on how to detect TIP activity among contractor personnel.²⁵ According to 14 FAH-2 521(b), CORs are required to monitor five basic elements of performance: (1) assuring that the contractor does the work that the contract calls for; (2) assuring performance along the most beneficial lines of effort; (3) assuring satisfactory quality; (4) assuring timeliness of performance; and (5) assuring performance within available funds. To date, A/OPE has not issued specific guidance on TIP monitoring in a Procurement Information Bulletin, notice, or cable. Representatives from A/OPE reported in September 2009 that in their institutional memory, no contractor issues related to TIP had been brought to headquarters' attention.

Although citation of FAR clause 52.222-50 is mandatory in all contracts administered after 2000, the practice is inconsistent among the six contracts OIG reviewed. Four of the six contracts clearly incorporate the clause. The gardening contract for Embassy Muscat lists the clause in a paragraph not applicable to non-U.S. based contractors. The cleaning contract for Embassy Abu Dhabi features the clause in a checklist, but the clause is not checked off as applicable.

All the reviewed contracts contain a standard statement that the contractor agrees to comply with local labor laws, regulations, customs and practices pertaining to labor, safety, and similar matters, to the extent that such compliance is not inconsistent with the requirements of the contract. However, only one contract includes language requiring the contractor to submit proof of compliance with these regulations. In addition, contracts for labor-intensive services such as cleaning and gardening are frequently "firm, fixed-price"²⁶ which means that the contracts contain no standard line item accounting of wages, time, materials, or overhead. None of the contracts goes into further detail regarding foreign workers' housing or recruitment.

²⁴ 1 FAM mentions TIP monitoring responsibilities for the Bureau of International Narcotics and Law Enforcement Affairs (INL), G/TIP, and other functional bureaus. 7 FAM 1700, 7 FAM 1900, and 9 FAM 40 discuss consular issues related to TIP. 3 FAM 8610 states that "U.S. Government employees abroad under chief-of-mission authority who sponsor nonhost-country national domestic workers must state in their contracts that: (1) The domestic worker's passport and visa will be in the sole possession of the domestic worker; (2) A copy of the contract and other personal property of the domestic worker will not be withheld by U.S. Government employees for any reason; and (3) Their sponsorship for work permits and immigration benefits may not be used as leverage to compel service. U.S. Government employees, dependents, and members of household may not use physical force or threat of force to compel labor, services or sexual activity from a domestic worker, and must abide by all applicable local laws. Any report of abuse or mistreatment of domestic staff, including but not limited to activities which rise to the level of human trafficking, whether such actions are undertaken by a U.S. Government employee, dependent, or member of household abroad with the employee...will be fully investigated by Diplomatic Security and/or the Office of the Inspector General, and if substantiated can result, as appropriate, in either administrative penalty and/or referral to the Department of Justice for criminal prosecution...Employees engaging in such misconduct will be subject to discipline up to and including removal from employment...No such individual posted abroad is protected from prosecution by U.S. authorities because he or she may enjoy immunity from local jurisdiction."

²⁵ See 14 FAH-2, Contracting Officer's Representative Handbook.

²⁶ FAR 16.202-1 states, "A firm-fixed-price contract provides for a price that is not subject to any adjustment on the basis of the contractor's cost experience in performing the contract."

Because of language issues, COs' level of engagement with contractors and their foreign workers varied at the missions visited. The RSOs in Abu Dhabi and Dubai had the strongest oversight and direct contact with English-speaking local guard employees, as demonstrated by their awareness of housing and pay issues. The management sections in Abu Dhabi, Muscat, Riyadh, and Dhahran have staff members who liaise day-to-day with foreign contract workers and contractor management in their native languages. In contrast, even though the facilities manager at Embassy Kuwait City included the cleaning contractor's on-site supervisor in staff meetings, the supervisor's interview with OIG indicated that she did not always communicate personnel issues to the facilities manager.

Best Practices

- The RSOs at the embassies and consulates general in the U.A.E. and Saudi Arabia are proactively monitoring contract employees' welfare and advocating for improvements in their working and living conditions beyond contract requirements.
- Embassy Abu Dhabi, Embassy Muscat, Embassy Riyadh, and Consulate General Dhahran use locally employed staff and bilingual staff to routinely engage with workers and contractor management. OIG observed that these staff members were more approachable to foreign workers, allowing the GSO to gain insight and informally monitor potential labor issues with the contractor.
- The gardening contract for Embassy Muscat includes a letter of assurance from the contractor stating it will provide to each worker basic and overtime minimum wages (set by the workers' countries of origin), food, accommodation, medical care, and paid leave every 2 years. Line-by-line cost comparison worksheets detail how each worker's salary and benefits will be adjusted under a renewed contract. Contract deliverables include attestations from foreign embassies that all labor agreements are legitimate, labor rights policy certification from the Omani Government, and a requirement that employees individually present their passports upon starting the job as evidence that they have not been coerced.
- In November 2007, OBO's Construction and Commission Division issued Administrative Bulletin A-07-08 *Treatment of Construction Workers on Our Sites* for construction projects that included specific instructions on incorporating anti-TIP practices into daily operations. These practices include discussing FAR clause 52.222-50 as a formal agenda item at pre-construction conferences, providing strict confidentiality to anyone reporting incidents or suspicions regarding TIP, and sensitizing site teams so that all personnel remain vigilant.

CONCLUSION

Although OIG found no evidence of TIP at these Department missions in the Gulf states, several findings suggest that TIP could occur, especially if the risk is not fully understood and the contractors not carefully monitored. The practices of some contractors related to recruitment fees, passport retention, confusing wage and compensation information, and a lack of information about contracts and labor laws, as well as the substandard housing observed by OIG, negatively affect foreign workers and reflect poorly on the Department. OIG believes TIP can be mitigated through incorporation of the best practices found at some missions, as well as compliance with OIG's recommendations. These practices include allowing workers access to their passports and ensuring that appropriate embassy personnel, contractors, and workers are knowledgeable about host country labor laws and practices. Mission personnel, with the assistance of locally employed and bilingual staff, can advocate for foreign workers. In addition to ensuring that the TIP clause is in all contracts, the Department can provide guidance to mission personnel on preventing TIP. Not only will adoption of these practices and compliance with OIG's recommendations aid in preventing TIP, they will also help ensure that workers employed by Department contractors are treated fairly and within the law.

ABBREVIATIONS

A/OPE	Office of the Procurement Executive in the Bureau of Administration
AQM	Office of Acquisitions Management
CO	contracting officer
COR	contracting officer's representative
Department	Department of State
DOSAR	<i>Department of State Acquisition Regulation</i>
FAH	<i>Foreign Affairs Handbook</i>
FAM	<i>Foreign Affairs Manual</i>
FAR	<i>Federal Acquisition Regulation</i>
G/TIP	Office to Monitor and Combat Trafficking in Persons
GSO	general services officer
ILO	International Labor Organization
MERO	Middle East Regional Office
NEA	Bureau of Near Eastern Affairs
OBO	Bureau of Overseas Buildings Operations
OIG	Office of Inspector General
RSO	regional security officer
SCA	Bureau of South and Central Asian Affairs
sq. ft.	square feet
TIP	trafficking in persons
TVPA	Trafficking Victims Protection Act of 2000
TVPRA	Trafficking Victims Protection Reauthorization Act of 2003
U.A.E.	United Arab Emirates

APPENDIX I

PURPOSE, SCOPE, AND METHODOLOGY

The Middle East Regional Office (MERO) of the Office of Inspector General (OIG) initiated this evaluation in November 2009, under the authority of the Inspector General Act of 1978, as amended, in compliance with the William Wilberforce Trafficking Victims Protection Reauthorization Act (TVPRA) of 2008. As directed by TVPRA Sections 232(b)(2)(A) – (B), OIG consulted with the Director of the Office to Monitor and Combat Trafficking in Persons (G/TIP) at the Department of State and took into account any credible information received regarding report of trafficking in persons (TIP).

Prior to the evaluation, in July 2009, OIG conducted a survey to identify vulnerable contracts in the Middle East region. OIG began by reviewing profiles of all 32 countries in the region included in the Department's *2009 Trafficking in Persons Report*. In addition to qualitative profiles on each country, G/TIP ranks countries in tiers, based on the severity of trafficking problems and the adequacy of governments' responses. Tier 1 includes countries whose governments comply fully with the minimum standards set out in the TVPA and, thus, pose the lowest risk of trafficking problems. Tier 2 lists countries that do not comply with TVPA minimum standards but are making significant efforts to bring themselves into compliance. The Watch List for Tier 2 lists countries that are not in compliance with the TVPA and have made significant efforts to improve, but may pose a greater risk due to the number of potential victims and/or lack of evidence of improvement. Tier 3 countries pose the highest risk of trafficking because these governments do not comply with minimum standards and were not making significant efforts to do so at the time of reporting. OIG found that every country under MERO's area of responsibility is ranked Tier 2 or lower, with the majority of countries falling in the Tier 2 watch list for 2009.

To determine which countries to prioritize for a regional study of TIP, OIG consulted the Attorney General's *Annual Report to Congress and Assessment of U.S. Government Activities to Combat Trafficking in Persons* (reports from FY 2007-2009). After ranking countries that received the least anti-trafficking program funding, OIG consulted Federal Procurement Data System records for FY 2007-2009 to determine total contract funding in each country. OIG filtered out contracts that did not have an extensive labor component, such as equipment purchases or technical assistance, and then compared the percent of anti-TIP program dollars to contract dollars to weight

the ranking based on mission size (see Appendix II). OIG focused on U.S. missions outside of Iraq, Afghanistan, and Pakistan²⁷ that have received the most contract funding for the last three fiscal years while receiving proportionally little funding for TIP prevention programs. OIG also ranked missions by average contract size and the highest dollar value of a single contract and selected eight U.S. missions that ranked highest by each scoring system. In total, OIG identified the following U.S. missions for contract sampling: Israel, Jordan, Kuwait, Lebanon, Oman, Saudi Arabia, Syria, and the U.A.E.

After identifying eight missions to evaluate, OIG sorted each mission's contracting by industrial sector. For this evaluation, OIG focused on contracts in labor-intensive sectors such as construction and facilities support, as advised by agency officials in G/TIP, the Office of International Labor and Corporate Social Responsibility, and the Department of Labor's Bureau of International Labor Affairs. OIG researched companies with active contracts for any allegations or suspicions of involvement in TIP. OIG then consulted with contracting personnel at each mission to determine which specific contract(s) to review in the field. Due to resource constraints and the uneven distribution of active contracts at each mission, OIG employed a judgmental sample of contracts for evaluation.

Prior to the evaluation, beginning in August 2009, OIG conducted interviews and requested data on NEA/SCA contracts from A/OPE and the Office of Logistics Management. In December 2009, a cable was issued to all contracting personnel at the 32 missions in MERO's area of responsibility. The cable contained a brief survey to gather data about contracting personnel's knowledge and awareness of TIP and Department policies related to TIP prevention. OIG then scheduled site visits from January to March 2010 to evaluate contracts at each of the selected missions in the Gulf states. Field work at U.S. missions in Israel, Jordan, Lebanon, and Syria took place in Fall 2010.

In January 2010, the OIG team evaluated the janitorial and local guard contracts for Embassy Abu Dhabi and Consulate General Dubai in the U.A.E. The analysts interviewed the deputy chief of mission, management officer, RSOs, political officer covering TIP, and key contracting staff in the general services office in Abu Dhabi. In addition, the team spoke with RSOs and the project director for new consulate general construction in Dubai. The team met with representatives from each of the contractors under review at Embassy Abu Dhabi. The team interviewed eight out of eleven janitors at Embassy Abu Dhabi in their native languages with the assistance of translators. The team interviewed 17 out of 51 guards in English at Embassy Abu Dhabi, Consulate General Dubai, and at the workers' housing. Along with staff from the general services office and RSO, the team visited and documented the janitors'

²⁷ Because of the volume of contracting in Iraq, Afghanistan, and Pakistan, OIG teams assigned to those countries will incorporate TIP objectives into all evaluations that involve the Department's use of contractors.

housing accommodations in Abu Dhabi and the local guards' housing in Dubai. The team also toured the new consulate general construction site in Dubai. OIG followed up by reviewing documents submitted by each contractor detailing policies such as recruitment, training, and benefits.

In February 2010, the OIG team evaluated the gardening contract for Embassy Muscat in Oman and reviewed the janitorial contract for comparison. The analysts interviewed the Ambassador, the deputy chief of mission, management officer, political officer covering TIP, and key staff of the general services office. Accompanied by staff from the general services office, the team visited and met with representatives of the gardening contract at their corporate offices and labor camp. The team interviewed all four gardening staff and three out of five janitorial staff members in their native languages with the assistance of a translator. OIG also reviewed documents detailing contractor policies such as recruitment, and labor law compliance.

In March 2010, the OIG team evaluated the janitorial contract for Embassy Kuwait City. OIG interviewed the Ambassador, deputy chief of mission, management counselor, political officer covering TIP, supervisory GSO, and the facilities manager. Along with the GSO, the team met with contractor representatives and toured worker's housing accommodations. The team interviewed twelve of the 23 janitorial staff in their native languages with the assistance of translators. OIG followed up by reviewing documents submitted by the contractor detailing policies such as leave, passport retention, and recruitment.

In March 2010, the OIG team also evaluated the janitorial and gardening contracts for Consulate General Dhahran and Embassy Riyadh in Saudi Arabia. OIG interviewed the deputy chief of mission, management counselor, political officers covering TIP, and key staff of the general services office in Riyadh. In addition, the team spoke with the consul general, acting management officer, key staff from the general services office, and RSOs at Consulate General Dhahran. The team met with representatives from the gardening contract in Dhahran and with representatives from the janitorial contract in Riyadh. The team interviewed nine out of 17 workers on the janitorial contract and 11 out of 19 workers on the gardening contract at Embassy Riyadh. The team interviewed four out of five workers on the janitorial contract and nine out of 19 workers on the gardening contract at Consulate General Dhahran. Interviews were conducted with the assistance of translators as necessary. Along with staff from the general services office, the team visited and documented the janitors' and gardeners' housing accommodations in Riyadh and Dhahran. OIG followed up by reviewing documents submitted by each contractor detailing policies such as recruitment, training, and housing.

OIG conducted worker interviews using best practices identified by G/TIP and the ILO's Checklist & Guidance for Assessing Compliance.²⁸ As much as possible, interviews targeted a random sample of workers and took place in private space with an interpreter present as necessary. OIG advised all participants that their responses would remain confidential and be reported to U.S. officials in aggregate so that no individuals would be identified. The team spoke with as many foreign workers as time and resource constraints would allow. OIG did not hear from participants or observe any coercion or intimidation from contractor management or embassy personnel.

OIG used the ILO's operational indicators for TIP as guidelines to formulate interview questions and conduct site visits. These indicators were published at a March 2009 conference of the ILO and European Commission and developed using the Delphi method, which produced a consensus on operational indicators of TIP by surveying a wide range of experts among police, government, academic and research institutes, non-governmental organizations, international organizations, labor inspectorates, trade unions, and judiciaries.²⁹

OIG conducted this performance evaluation from November 2009 to November 2010 in accordance with the quality standards for inspections and evaluations issued in January 2005 by the Council of Inspectors General on Integrity and Efficiency.

This report was prepared under the direction of Richard "Nick" Arntson, Assistant Inspector General for MERO. The following staff members conducted the evaluation and/or contributed to the report: David Bernet, Patrick Dickriede, Carl Gipson, Kelly Herberger, and Moizza Khan.

²⁸ *Combating Forced Labor: A Checklist & Guidance for Assessing Compliance*, 2009, International Labour Organization – Special Action Programme to Combat Forced Labor, Geneva.

²⁹ Operational Indicators of Trafficking: Results from the Delphi Survey Implemented by the ILO and the European Commission (Revised September 2009).

APPENDIX II

SCORING OF STUDY: BUREAU OF NEAR EASTERN AFFAIRS AND BUREAU OF SOUTH AND CENTRAL ASIAN AFFAIRS MISSIONS PRIORITIZATION FOR TRAFFICKING IN PERSONS*

Bottom 15 NEA/SCA Missions by Anti-Trafficking Programming Dollars Obligated in Millions			Bottom 15 NEA/SCA Missions by Anti-Trafficking Programming Dollars Obligated as Percent of Contract Dollars Obligated in Labor-Intensive Industries		
Rank	Mission	Amount	Rank	Mission	Anti-TIP \$/ Contracting \$
1	Bahrain, Kuwait , Maldives, Oman , Qatar, Saudi Arabia , Tunisia, U.A.E.	\$0.00	1	Bahrain, Kuwait , Oman , Saudi Arabia , U.A.E. ¹	n/a
2	Turkmenistan	\$0.01	2	Iraq	.06%
3	Libya	\$0.15	3	Afghanistan	.13%
4	Algeria	\$0.20	4	Israel	.47%
5	Uzbekistan	\$0.31	5	Algeria	.48%
6	Israel	\$0.36	6	Turkmenistan	.95%
7	Kyrgyz Republic	\$0.66	7	Pakistan	1.08%
8	Tajikistan	\$0.93	8	Libya	2.65%
9	Egypt	\$0.93	9	Lebanon	4.22%
10	Jordan	\$1.05	10	Jordan	4.79%
11	Kazakhstan	\$1.08	11	Egypt	14.56%
12	Sri Lanka	\$1.13	12	Uzbekistan	19.58%
13	Syria	\$1.17	13	Syria	29.15%
14	Iraq	\$1.53	14	Tajikistan	32.76%
15	Bangladesh	\$1.57	15	Bangladesh	37.50%

Bolded text indicates countries evaluated by OIG..

* Tunisia not ranked because total contracting is less than \$3 million.

Sources: Attorney General's Annual Report to Congress and Assessment of U.S. Government Activities to Combat Trafficking in Persons, FY 2006-2009; list of contracts compiled by the Bureau of Administration/Office of Logistics Management/Office of Acquisitions Management (A/LM/AQM) from the Federal Procurement Data System on 9/17/09.

The first ranking lists NEA/SCA Missions that received the least funding for trafficking prevention programs for FY 2007-2009. The second ranking divides anti-TIP programming dollars by Department of State contracting dollars in labor-intensive industries during the same period.

Top 15 NEA/SCA Missions by Dollar Value of a Single Contract in Millions (FY 2007-2009)

Rank	Mission	Amount	Contractor
1	Afghanistan	\$205.76	Dyncorp
2	Saudi Arabia	\$122.29	Grunley-Walsh Int'l, LLC
3	Iraq	\$102.80	Dyncorp
4	Pakistan	\$88.53	BL Harbert Int'l, LLC
5	Israel	\$30.00	Dyncorp
6	Lebanon	\$18.85	PAE Government Services Inc.
7	Egypt	\$18.83	American Science & Engineering, Inc. (AS&E)
8	India	\$10.63	Desbuild Inc.
9	Jordan	\$7.90	Civilian Police International LLC (CPI)
10	Libya	\$7.88	EG & G Defense Materials, Inc.
11	Kuwait	\$4.30	Sterling Royale Group, LLC (SR Group)
12	United Arab Emirates	\$4.29	Coastal International Security, Inc.
13	Oman	\$3.98	Sterling Royale Group, LLC (SR Group)
14	Nepal	\$3.62	Caddell Construction Co., Inc.
15	Syria	\$3.61	EMTA İnşaat Taahhüt ve Ticaret A.Ş.

Bolded text indicates countries evaluated by OIG.

Sources: List of contracts compiled by the Bureau of Administration/Office of Logistics Management/Office of Acquisitions Management (A/LM/AQM), Federal Procurement Data System

Top 15 NEA/SCA Missions by Average Contract Size in Millions of Dollars (FY 2007-2009)

Rank	Mission	Amount
1	Afghanistan	\$6.99
2	Iraq	\$6.70
3	Syria	\$4.52
4	Saudi Arabia	\$2.99
5	Sri Lanka	\$2.45
6	Israel	\$1.34
7	Pakistan	\$1.24
8	Lebanon	\$1.02
9	Egypt	\$0.69
10	U.A.E.	\$0.52
11	Jordan	\$0.46
12	Algeria	\$0.45
13	Libya	\$0.39
14	Oman	\$0.35
15	Kuwait	\$0.31

Bolded text indicates countries evaluated by OIG.

Sources: List of contracts compiled by the Bureau of Administration/Office of Logistics Management/Office of Acquisitions Management (A/LM/AQM), Federal Procurement Data System

APPENDIX III

INTERNATIONAL LABOR ORGANIZATION INDICATORS AND DEFINITIONS

Indicators of trafficking of adults for labor exploitation	Dimensions of trafficking in persons					
	Deceptive Recruitment	Coercive Recruitment	Recruitment by Abuse of Vulnerability	Exploitation	Coercion at Destination	Abuse of Vulnerability at Destination
Abduction, forced marriage, forced adoption, or selling of victim		Medium				
Abuse of cultural/religious beliefs			Weak			
Abuse of difficult family situation			Medium			
Abuse of illegal status			Medium			
Abuse of lack of education (language)			Medium			
Abuse of lack of information			Medium			
Bad living conditions				Medium		
Confiscation of documents		Medium			Strong	
Control of exploiters			Medium			
Debt bondage		Medium			Strong	
Deceived about access to education opportunities	Weak					
Deceived about conditions of work	Medium					
Deceived about family reunification	Medium					
Deceived about housing and living conditions	Medium					
Deceived about legal documentation or obtaining legal migration status	Medium					
Deceived about the content or legality of work contract	Medium					
Deceived about the nature of the job, location or employer	Strong					
Deceived about travel and recruitment conditions	Medium					
Deceived about wages/earnings	Medium					
Deceived through promises of marriage or adoption	Medium					
Dependency on exploiters						Medium
Difficulties in the past			Weak			Weak

Indicators of trafficking of adults for labor exploitation	Dimensions of trafficking in persons					
	Deceptive Recruitment	Coercive Recruitment	Recruitment by Abuse of Vulnerability	Exploitation	Coercion at Destination	Abuse of Vulnerability at Destination
Difficulty to live in an unknown area						Medium
Difficulty to organize the travel			Weak			
Economic reasons			Medium			Medium
Excessive working days or hours				Strong		
False information about law, attitude of authorities			Medium			
False information about successful migration			Medium			
Family situation			Medium			Medium
Forced into illicit/criminal activities					Medium	
Forced tasks or clients					Medium	
Forced to act against peers					Medium	
Forced to lie to authorities, family, etc.					Medium	
General context			Weak			
Hazardous work				Medium		
Isolation, confinement or surveillance		Medium			Strong	
Low or no salary				Medium		
No access to education				Weak		
No respect of labor laws or contract signed				Medium		
No social protection (contract, social insurance, etc.)				Medium		
Personal characteristics						Weak
Personal situation			Medium			
Psychological or emotional dependency			Medium			
Relationship with authorities/legal status			Medium			Medium
Threat of denunciation to authorities		Medium			Medium	
Threat to impose even worse working conditions					Medium	
Threats of violence against victim		Medium			Medium	
Threats to inform family, community, or public		Medium			Weak	
Under strong influence					Medium	
Very bad working conditions				Medium		
Violence on family (threats or effective)		Medium			Medium	
Violence on victims		Strong			Strong	
Wage manipulation				Medium		
Withholding of money		Medium				
Withholding of wages					Medium	

Source: Operational Indicators of Trafficking in Human Beings: Results from a Delphi survey implemented by the ILO and the European Commission (March 2009, Revised September 2009)

DEFINITIONS OF INDICATORS USED IN THIS REPORT

Debt bondage—Coercive Recruitment and Coercion at Destination

1. Debts during recruitment, transfer, or transportation relate to the concept of forced recruitment as a form of debt reduction; debts accrued for recruitment and transportation resulting in debt bondage at destination; debts claimed to have been accrued by relatives; debts from previous trafficking experience of the victim or of one relative. Debts can also be compounded as a result of debt manipulation, including through the enforcement of excessive interest rate or through an unlawful agreement where a debt is reduced/deducted in exchange for work.
2. Debt bondage at destination includes debts accrued during recruitment, transfer or transportation; debts from previous trafficking experience; or any additional debts incurred at the destination. Debts can also be compounded as a result of debt manipulation, including through enforcement of excessive interest rate or through an unlawful agreement where a debt is reduced/deducted in exchange for work.

Confiscation of documents—Coercive Recruitment and Coercion at Destination

1. Coercion at the point of recruitment, transfer, or transportation through the means of confiscation of documents relating to both identity and/or travel documents (Visa, tickets).
2. An indicator of coercion at destination. This includes the confiscation of any or all of the individual's identity and travel documents (for example, passport, identity card, etc...) Individual's [sic] who have their identity and/or travel documents forcibly removed from their person are rendered highly vulnerable.

No respect of labour laws or contract signed—Exploitative Conditions of Work

This includes cases where the individual was forced to work without a contract, where there was no respect to the contract signed, where the contract provided was unlawful, or where the recruitment of the individual was illegal. It also refers to the nature and conditions of the work such as deception about the nature of the job; deception about the employer; deception about the possibility to work; deception about the number of working hours (whether excessive or restrictive); deception about the working conditions; or exploitative, precarious or illegal working conditions. Exploitation through no respect of/non-compliance to labour laws or of the contract signed also refers to payment issues, for example in cases where the individual is paid less than regular employees, or where the payments are in cash only when other workers are paid in cheques/bank transfer.

Bad living conditions—Exploitative Conditions of Work

This includes being denied freedom of choice as to the location or living conditions, or being forced to live in overcrowded conditions, in unhealthy or unsanitary conditions, or being forced to live in conditions where there is limited or no right to privacy. This can also include exploitation through being rendered homeless and being forced to live of [sic] the street.

Abuse of lack of education (language)—Recruitment by Abuse of Vulnerability

Recruitment by abuse of lack of education (language) refers to instances when the individual doesn't speak the language, or has a limited education, rendering him/her vulnerable.

Abuse of lack of information—Recruitment by Abuse of Vulnerability

Recruitment by abuse of lack of information in addition refers to instances where the individual is not fully aware of the situation due to a lack of information. Exploiters prey on such vulnerabilities by providing false information, particularly in relation to living and working conditions at destination, preventing individuals from making informed decisions.

APPENDIX IV

COMMENTS FROM THE OFFICE OF THE PROCUREMENT EXECUTIVE IN THE BUREAU OF ADMINISTRATION

December 13, 2010

TO: Nick Arntson, Assistant Inspector General for the Middle East Region

FROM: A/OPE - Corey Rindner

SUBJECT: Response to Draft Recommendations on MERO-1-10-13
Performance Evaluation of Department of State Contracts to Assess
the Risk of Trafficking in Persons Violations

Recommendation 1: Obtain information about host country regulations regarding passport retention and discuss with contractors.

Department of State contracts require contractors to comply with local laws and regulations. A/OPE is concerned that post taking on responsibility for obtaining and briefing local laws will result in the contractors relying on post for the currency and interpretation of local law. A/OPE recommends that compliance with local law be an element of the post award orientation meeting with the contractor being responsible for advising the Contracting Officer's Representative of their knowledge and interpretation of passport retention.

Recommendation 2: Monitor all service contracts to ensure compliance with current host country labor laws and require proof of compliance.

Department of State contracts require contractors to comply with local laws and regulations. It is beyond the current capabilities of post Contracting Officer Representatives to identify all current host country labor laws and to monitor all service contracts to ensure compliance. Similar domestic requirements for contractors to comply with labor laws utilize a multitude of federal and state agencies from OSHA to the Department of Labor to ensure compliance. Contracting Officer Representatives must rely on local host country enforcement to identify violations of host country labor laws. Upon identification, Contracting Officer Representatives may enforce compliance under our contract clause.

Recommendation 3: Inform Riyadh gardening contractor that keeping workers in unsafe housing is unacceptable and could lead to remedial action.

The Riyadh gardening contract does not address requirements for employee housing. The Contracting Officer Representative may advise the contractor of a concern that current housing conditions may violate local laws for safety and health and causes the Department concern about employee performance. Absent a violation of local health, safety or other rules, there is no contractual authority for remedial action.

Recommendation 4: Contracting Officer Representatives should make unannounced visits to foreign worker's accommodations at least once a year and ensure that contractors submit to host government conducted housing inspections and provide documentation.

Employee housing conditions is not a contractual requirement that can be monitored by the Contracting Officer's Representative. CORs can require contractors to comply with local laws and can discuss the importance of adequate housing as part of the overall well-being and motivation of the workforce at a post award contract orientation. Contractors can also be requested to discuss how they will accommodate foreign workers as part of their contract proposal which can be evaluated as part of the source selection process.

Recommendation 5: Require contractors to provide workers with standard contracts in English and their native language that include policies on wages, overtime rates, allowances, salary increases, the contract term, leave accrual, and other personnel matters.

Department legal counsel advises that A/OPE has no legal basis to prescribe a supplemental clause enforcing a statutory socioeconomic requirement that is already covered by a mandatory FAR clause. Accordingly, A/OPE cannot make this a contractual requirement under the DOSAR.

Recommendation 6: Require contractors to provide workers with written information about labor laws, including the U.S. Government's "zero tolerance" policy towards trafficking in persons, in worker's native languages.

Department legal counsel advises that A/OPE has no legal basis to prescribe a supplemental clause enforcing a statutory socioeconomic requirement that is already covered by a mandatory FAR clause. Accordingly, A/OPE cannot make this a contractual requirement under the DOSAR. The existing clause does require the contractor to brief personnel on trafficking in persons. Contracting Officer Representatives should make this an item for a post award orientation briefing.

Recommendation 7: The Office of the Procurement Executive should update the FAM, FAH and DOSAR to include detailed guidance for Contracting Officer's representatives on how to monitor contractors' practices and activities for potential trafficking in persons violations. A/OPE, in consultation with FSI, should develop and implement training curricula covering this guidance.

Department legal counsel advises that A/OPE has no legal basis to prescribe a supplemental clause enforcing a statutory socioeconomic requirement that is already covered by a mandatory FAR clause. The Department of State is certainly not the only agency that enters into services contracts in foreign countries. If the FAR implementation of the Trafficking in Persons Act is inadequate, then the FAR coverage and clauses should be revised. If the Act itself doesn't adequately address trafficking issues, then Congress needs to amend the legislation. But there is no basis in the law to prescribe DOS-unique additional requirements and enforcement regime.

Accordingly, A/OPE cannot make this a contractual requirement under the DOSAR. A/OPE is revising Contracting Officer Representative training and will include a discussion of Trafficking in Persons. The Contracting Officer Representative Handbook will be modified to include a discussion of Trafficking in Persons. As discussed above, monitoring methods and resources are limited.

APPENDIX V

COMMENTS FROM FOREIGN SERVICE INSTITUTE



United States Department of State

*Foreign Service Institute
George P. Shultz National Foreign Affairs Training Center
Washington, D.C. 20522-4201*

December 14, 2010

MEMORANDUM

TO: OIG/FO – Richard G. Arntson

FROM: FSI/EX – Catherine J. Russell

SUBJECT: Middle East Region Office report of Trafficking in Persons (TIP) –
 Gulf Region (MERO-I-10-13)

REF: MERO Email dated November 26, 2010

As a participating entity for Recommendation 7 in the OIG draft evaluation report on the Middle East Region Office report of Trafficking in Persons (TIP) – Gulf Region, the Foreign Service Institute (FSI) offers the following response.

Recommendation 7: The Office of the Procurement Executive in the Bureau of Administration should update the *Foreign Affairs Manual*, the *Foreign Affairs Handbook*, and the *Department of State Acquisition Regulation* to include detailed guidance for contracting officer's representatives on how to monitor contractors' practices and activities for potential trafficking in persons violations. A/OPE, in consultation with the Foreign Service Institute, should develop and implement training curricula covering this guidance. (Action: A/OPE, in consultation with FSI)

FSI Response: FSI is working with A/OPE and G/TIP to develop and integrate TIP training modules into Acquisitions and Contracting training programs including the PA178 Contracting Officer Representative, PA296 How to be a COR (DL), PA229 Simplified Acquisition Procedures, and PA221 GSO Acquisitions courses. FSI is also working directly with G/TIP to possibly develop a stand-alone Distance Learning course that deals exclusively with Contracting and TIP issues. The course will likely be one to two hours in length.

cc: A/OPE – CRindner
G/TIP - KNatoli

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